



**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

May 21, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**SALE OF TAX AND REVENUE ANTICIPATION NOTES (TRANS)
SANTA MONICA - MALIBU UNIFIED SCHOOL DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
(THIRD DISTRICT) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution of the Board of Supervisors of the County of Los Angeles providing for the borrowing of funds in the name of the Santa Monica – Malibu Unified School District for Fiscal Year 2002-2003 and the issuance and sale of 2002-2003 Tax and Revenue Anticipation Notes in the principal amount of not to exceed \$5,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 2, 2002, the Board of Education of the Santa Monica - Malibu Unified School District adopted a Resolution determining that the District needs to borrow funds in an aggregate principal amount not to exceed \$5,000,000 to be used for authorized purposes. The District is requesting that your Board issue tax-exempt Tax and Revenue Anticipation Notes (TRANS) on behalf of the District in an aggregate principal amount not to exceed \$5,000,000.

The Honorable Board of Supervisors
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Pursuant to Article 7.6 and commencing with Section 53850 of the Government Code, school districts organized and existing under the laws of the State are authorized to borrow money by the issuance of short-term notes. Such notes shall be issued in the name and on behalf of such school district by the Board of Supervisors of the County following receipt of the district resolution requesting such borrowing.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions.

FISCAL IMPACT/FINANCING

None to the County. All debt will be paid by the District.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Notes will mature no later than twelve months after the issuance date and will not exceed the interest rate permitted by law. The principal and interest payments of the Notes shall be payable from taxes, revenue and other moneys received by the District during or attributable to Fiscal Year 2002-2003.

The District has selected The Stiepel Group, Inc. as the Financial Advisor; and the firm of Richards, Watson & Gershon as Bond Counsel for the 2002-2003 issuance of TRANS. The attached Resolution provides for the competitive sale of the Notes by the Treasurer and Tax Collector.

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CONCLUSION

Upon approval of this Resolution, the Department will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:DL:svg

Pb/board/SantaMonica-Malibu TRANS

Attachments(2)

- c: Executive Officer, Board of Supervisors
 Chief Administrative Officer
 Auditor-Controller
 County Counsel
 Santa Monica - Malibu Unified School District
 Los Angeles County Office of Education
 The Stiepel Group, Inc.
 Richards, Watson & Gershon

RESOLUTION OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF LOS ANGELES PROVIDING FOR THE
ISSUANCE OF SANTA MONICA-MALIBU UNIFIED
SCHOOL DISTRICT, COUNTY OF LOS ANGELES, STATE
OF CALIFORNIA, 2002-2003 TAX AND REVENUE
ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL
AMOUNT OF NOT TO EXCEED \$5,000,000

WHEREAS, pursuant to Section 53850 et seq. of the Government Code of the State of California contained in Article 7.6, Chapter 4, Part 1, Division 2, Title 5 thereof, (the "Act"), on or after the first day of any fiscal year (being July 1), a school district may borrow money by issuing notes for any purpose for which the school district is authorized to expend moneys, including but not limited to current expenses, capital expenditures, and the discharge of any obligation or indebtedness of the school district; and

WHEREAS, Section 53853 of the Act provides that such notes must be issued in the name of the school district by the board of supervisors of a county, the county superintendent of which has jurisdiction over the school district, as soon as possible following the receipt of a resolution of the governing board of the school district requesting the borrowing; and

WHEREAS, the County Superintendent of Schools (the "County Superintendent") of the County of Los Angeles (the "County") has jurisdiction over the Santa Monica-Malibu Unified School District (the "District"), and this Board of Supervisors (the "County Board") has received a resolution of the Board of Education of the District (the "District Board"), adopted May 2, 2002, entitled "RESOLUTION OF THE BOARD OF EDUCATION OF THE SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF 2002-2003 TAX AND REVENUE ANTICIPATION NOTES AND REQUESTING THE ISSUANCE OF SUCH NOTES BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES" (the "District Resolution"), which requests the borrowing of not exceeding five million dollars (\$5,000,000) at an interest rate not exceeding eight percent (8%), through the issuance by the County Board of 2002-2003 Tax and Revenue Anticipation Notes (the "Notes") in the name of the District; and

WHEREAS, such Notes are payable twelve months after their date of delivery and such Notes shall be payable only from revenue received or accrued during the fiscal year 2002-2003 in which issued; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge any taxes, income, revenue, cash receipts or other moneys, including moneys deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose); and the District Resolution specifies what unrestricted revenues to be received by the District for the General Fund of the District during or allocable to fiscal year 2002-2003 are pledged for the payment of the Notes; and

WHEREAS, the Notes shall be a general obligation of the District, and to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the District pledged for the payment thereof shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as required by Section 53857 of the Act, and shall not in any way be payable from County moneys; and

WHEREAS, the Notes shall be in denominations of \$5,000 or integral multiples thereof, as permitted by Section 53854 of the Act; shall be issued on a date to be

designated, as permitted by Section 53853 of the Act; and shall be in the form and executed in the manner prescribed in the District Resolution and herein, as required by Section 53853 of the Act; and

WHEREAS, the County Board has no independent knowledge of but accepts the determination by the District Board that said \$5,000,000 maximum principal amount of Notes to be issued by the County Board in fiscal year 2002-2003, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act; and

WHEREAS, the Notes will not be outstanding after a period ending twelve months after the date on which such Notes are issued and the proceeds thereof will be allocated, within 13 months after the date on which such Notes are issued, to working capital expenditures which exceed available amounts, all as provided in Sections 1.148-2(e)(3) and 1.148-6(d)(3) of the Income Tax Regulations of the United States Treasury; and

WHEREAS, pursuant to Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), under certain circumstances, certain obligations the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code may be designated by the issuer thereof as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct for federal income tax purposes a portion of such institution's interest expense that is allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 and 291 of the Code; and

WHEREAS, the District Board has designated the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code; and

WHEREAS, the District desires that such Notes be sold pursuant to a competitive sale as herein provided and desires the County Board to authorize the award of such Notes to the bidder submitting the lowest bid as provided herein;

NOW, THEREFORE, the Board of Supervisors of the County of Los Angeles hereby resolves as follows:

Section 1. Authorization of Issuance of Notes; Terms Thereof. The County Board hereby determines to and shall issue in the name of the District an amount not to exceed \$5,000,000 principal amount of Notes under the Act, designated "Santa Monica-Malibu Unified School District, County of Los Angeles, State of California, 2002-2003 Tax and Revenue Anticipation Notes" (the "Notes"); to be numbered from 1 (and consecutively upward in order of issuance if more than one Note is registered); to be in the denominations of \$5,000, or integral multiples thereof, as determined in accordance with the Notice of Sale (as defined below); to be dated the date of delivery thereof, to mature (without option of prior redemption) 364 days from said date of delivery (or 359 days computed on a 30-day month/360-day year basis) or, if such date is not a day on which banks in New York or California are open for business, on the last day prior to such date; and to bear interest, payable at maturity and computed on a 30-day month/360-day year basis, at the rate or rates determined at the time of sale thereof, but not in excess of eight percent (8%) per annum. Both the principal of and interest on the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America at the office of the Treasurer and Tax Collector of the County (the "Treasurer"), who is hereby designated to be the paying agent with respect to the Notes (the "Paying Agent").

Section 2. Form of Notes. The Notes shall be issued in registered form, without coupons, and shall be substantially in the form set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes shall be initially registered in the name of "Cede & Co." as nominee of The Depository Trust Company, and shall be evidenced by one note in the full principal amount of the Notes. The Depository Trust Company, New York, New York is appointed depository for the Notes (the "Depository"). Registered ownership may not be transferred except as set forth in Sections 3 and 4 hereof.

Section 3. Transfer and Exchange of Notes. In the event the Notes are no longer registered in the name of "Cede & Co.", the registration of any Note may, in accordance with its terms, be transferred, upon the registration books kept by the Paying Agent for such purpose, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Paying Agent.

Whenever any Note shall be surrendered for registration or transfer, the Paying Agent shall execute and deliver a new Note, for a like aggregate principal amount. The Paying Agent shall require the Note owner requesting such registration of transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Paying Agent may require the owner requesting such registration of transfer to pay such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Paying Agent with respect to such registration of transfer. The Paying Agent may treat the registered owner of any Note as the absolute owner thereof for all purposes whatsoever in accordance with this Resolution, and the Paying Agent shall not be affected by any notice to the contrary.

Subject to the provisions of Section 4 hereof, Notes may be exchanged at the office of the Paying Agent in Los Angeles, California for a like aggregate principal amount of Notes in other authorized denominations. The Paying Agent shall require the payment by the Note owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The District may require the owner requesting such exchange to pay such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Paying Agent with respect to such exchange.

Section 4. Use of Depository. (1) The Notes shall be initially registered as provided in Section 2 hereof. Registered ownership of the Notes, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this Section 4 (a "substitute depository"); *provided*, that any successor of Cede & Co., as nominee of The Depository Trust Company or a substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the Paying Agent, upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Treasurer to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; *provided*, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the County to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(2) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (1) of this Section 4, upon receipt of the outstanding Notes by the Paying Agent, together with a request of the District to the Paying Agent, a new Note shall be executed and delivered in the aggregate principal amount of the Notes registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such request of the District. In the case of any transfer pursuant to clause (iii) of subsection (1) of this Section 4, upon receipt of the outstanding Notes by the Paying Agent together with a request of the District to the Paying Agent, new Notes shall be executed and delivered in such denominations numbered in the manner determined by the Paying Agent and registered in the names of such persons as are requested in such a request of the District; *provided*, the Paying Agent shall not be required to deliver such new Notes within a period less than sixty (60) days from the date of receipt of such a request of the District. Thereafter, Notes shall be transferred pursuant to Section 3 hereof.

(3) The Paying Agent shall be entitled to treat the person in whose name any Note is registered as the owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the District; and the Paying Agent shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Notes and neither the District nor the Paying Agent will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party, including The Depository Trust Company or its successor (or substitute depository or its successor), except the registered owner of any Notes.

(4) So long as the outstanding Notes are registered in the name of Cede & Co. or its registered assigns, the Paying Agent shall cooperate with Cede & Co., as sole registered owner, or its registered assigns in effecting payment of the principal of and interest on the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

Section 5. Deposit of Note Proceeds. The moneys so borrowed shall be deposited in the General Fund of the District.

Section 6. Payment of Notes.

(A) Source of Payment. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District during fiscal year 2002-2003 and which are available therefor, and are not payable from moneys of the County. The Notes shall be a general obligation of the District, and to the extent the Notes are not paid from the Pledged Revenues defined below, the Notes shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as provided in the District Resolution and by law. Notwithstanding anything to the contrary contained herein or in any document mentioned herein or related to the Notes, the County shall not have any monetary liability hereunder or by reason hereof or in connection with the transactions contemplated hereby and the Notes shall be payable solely from the moneys of the District available therefor as set forth in this Section and in Section 5 of the District Resolution.

(B) Pledged Revenues. As security for the payment of the principal of and interest on the Notes, as provided in the District Resolution, the District has pledged an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending February 28, 2003; and an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending May 31, 2003; plus an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from unrestricted revenues received by the District in the month ending May 31, 2003 (such pledged amounts being hereinafter called the "Pledged Revenues"). The term "unrestricted revenues" shall mean taxes, income, revenue, cash receipts, and other money of the District as provided in Section 53856 of the Act, which are intended as receipts for the General Fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues as provided by law.

In the event that there are insufficient unrestricted revenues received by the District to permit the deposit into the Repayment Fund of the full amount of Pledged Revenues to be deposited from unrestricted revenues in any month, then the amount of such deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and the interest thereon.

(C) Deposit of Pledged Revenues. The Pledged Revenues shall be held by the Paying Agent in a special fund designated as the "Santa Monica-Malibu Unified School District, County of Los Angeles, State of California, 2002-2003 Tax and Revenue Anticipation Notes Repayment Fund" (herein called the "Repayment Fund") and applied as directed in this Resolution. Any moneys accounted for in the Repayment Fund shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys accounted for in the Repayment Fund shall be applied only for the purposes for which the Repayment Fund is created.

(D) Disbursement and Investment of Moneys in Repayment Fund. From the date this Resolution takes effect, all Pledged Revenues shall, when received, be deposited in the Repayment Fund. After such date as the amount of Pledged Revenues deposited in the Repayment Fund shall be sufficient to pay in full the principal of and interest on the Notes, when due, any moneys in excess of such amount remaining in or accruing to the Repayment Fund shall be transferred to the General Fund of the District upon the request of the District. On the maturity date of the Notes, the moneys in the Repayment Fund shall be used, to the extent necessary, to pay the principal of and interest on the Notes.

Moneys in the Repayment Fund shall be invested as permitted by applicable California law, as it is now in effect and as it may be amended, modified or supplemented from time to time; provided that no such investments shall have a maturity date later than the maturity date of the Notes. To the extent that moneys invested or held by the County are subject to arbitrage rebate, neither the County nor any officer or employee of the County shall assume hereunder or under the provisions of any rebate certificate any duty or obligation to make the actual calculations of arbitrage rebate liability of the District, or to pay any such rebate or any penalties in regard thereto if the District miscalculates or fails to pay or cause such rebate or such penalties to be paid.

Section 7. Execution of Notes. The Treasurer, or a designated deputy thereof, is hereby authorized to sign the Notes manually or by facsimile signature; the Chairman of the County Board is hereby authorized to sign the Notes manually or by facsimile signature; and the Executive Officer-Clerk of the County Board (the "Clerk"), or a designated deputy thereof, is hereby authorized to countersign the Notes manually or by facsimile signature, provided that at least one of the foregoing shall sign manually; the Clerk is hereby authorized to affix the seal of the County Board thereto by facsimile impression thereof; and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate.

Section 8. Sale of Notes. The Notes shall be sold at a public sale upon the direction of the Treasurer, said public sale to be at the time and place and upon the terms provided in the Official Notice of Sale of the Notes, which Notice shall be substantially in the form set forth as Exhibit B hereto and by reference incorporated herein (the "Notice of Sale"). Sealed bids for the purchase of the Notes shall be received by the Treasurer or the Treasurer's designee at the time and place set forth in the Notice of Sale. The Treasurer or the Treasurer's designee is authorized to distribute copies of the Notice of Sale. The County Board hereby authorizes publication in The Bond Buyer of a Notice of Intention to Sell (the "Notice of Intention to Sell") in substantially the form attached hereto as Exhibit C and made a part hereof by this reference, said Notice of Intention to Sell being required to be made in a financial publication generally circulated throughout the State at least 15 days prior to the sale of the Notes at competitive bid, pursuant to Section 53692 of the Government Code.

Section 9. Award and Delivery of Notes. The Treasurer or the Treasurer's designee is hereby authorized to award the Notes in an aggregate principal amount not exceeding the aforesaid sum to the bidder for the Notes providing the lowest net interest cost as provided in the Notice of Sale, provided that the interest rate on the Notes shall not exceed eight percent (8%) per annum. Upon award of the Notes to the successful bidder, (i) the Treasurer shall certify to the County Board and the District Board the principal amount of the Notes awarded, the maturity date of the Notes and the interest rate on the Notes, and (ii) appropriate officers of the County shall execute and deliver the Notes to the successful bidder. In the event two or more bids producing the same lowest net interest cost are received, the Treasurer shall determine the successful bidder by lot, in such manner as he shall determine. The Treasurer is further authorized, in his discretion, to reject any and all bids and to waive any irregularity or informality in any bid.

Section 10. Authorization of Preliminary Official Statement and Official Statement. The Stiepel Group, Inc., the District's financial advisor, and Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, are hereby authorized to prepare a Preliminary Official Statement and an Official Statement relating to the Notes, to be used in connection with the offering and sale of the Notes. The District Superintendent, or the designee thereof, is hereby authorized and requested to execute and deliver the Official Statement.

Section 11. Actions Ratified and Further Actions Authorized. All actions heretofore taken by the officers and agents of the County with respect to the sale and issuance of the Notes are hereby approved, confirmed and ratified, and the officers of the County are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those described in the Notice of Sale, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and resolutions heretofore adopted by the County and District Boards. The County, and its appropriate officials, have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the

levy and collection of the secured property taxes pledged under the District Resolution in accordance with the Act and for carrying out the provisions of the District Resolution and of this Resolution.

Section 12. Recitals. All the recitals in this Resolution are true and correct and this County Board so finds, determines and represents.

Section 13. Designation as Qualified Tax-Exempt Obligation. As provided in the District Resolution, the District has designated the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Appropriate officials of the County are hereby authorized and directed to take such other actions as may be necessary to assist the District in designating such Notes as "qualified tax-exempt obligations," including, if deemed necessary or appropriate, placing a legend to such effect on the Notes.

Section 14. Effective Date. This Resolution shall take effect immediately upon its adoption.

I hereby certify that the foregoing resolution was duly adopted by the Board of Supervisors of the County of Los Angeles on the _____ day of _____, 2002.

VIOLET VARONA-LUKENS
Executive Officer - Clerk of the Board of
Supervisors of the County of Los Angeles

By: _____
Deputy

Approved as to Form:

LLOYD W. PELLMAN
County Counsel

By: Sheilah Curtis
Principal Deputy County Counsel

EXHIBIT A

FORM OF NOTE

EXCEPT AS OTHERWISE PROVIDED IN SECTION 4 OF THE RESOLUTION DESCRIBED HEREIN, THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE DEPOSITORY (AS DEFINED IN SAID RESOLUTION) OR TO A SUCCESSOR DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR DEPOSITORY.

No. _____

\$ _____

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA
2002-2003 TAX AND REVENUE ANTICIPATION NOTE

RATE OF INTEREST: NOTE DATE: MATURITY DATE: CUSIP:
 _____% July __, 2002 _____, 2003 _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

FOR VALUE RECEIVED, the Santa Monica-Malibu Unified School District (the "District"), County of Los Angeles, State of California, acknowledges itself indebted to and promises to pay the Registered Owner identified above, or registered assignee, at the office of the Treasurer and Tax Collector (the "Paying Agent") of the County of Los Angeles (the "County") in Los Angeles, California, the Principal Amount specified above in lawful money of the United States of America, on the Maturity Date set forth above, together with interest thereon at the Rate of Interest per annum set forth above, in like lawful money of the United States of America from the date hereof until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only upon surrender of this Note as the same shall fall due; *provided, however*, no interest shall be payable for any period after maturity during which the Registered Owner fails to properly present this Note for payment.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Notes (the "Notes") in the aggregate principal amount of _____ dollars (\$ _____) all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution (the "Resolution") of the Board of Supervisors of the County duly passed and adopted on June __, 2002 and a resolution of the Board of Education of the District duly passed and adopted on May 2, 2002, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys that are received by the District during fiscal year 2002-2003. As security for the payment of the principal of and interest on the Notes the District has pledged an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending February 28, 2003; and an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending May 31, 2003; plus an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from the unrestricted revenues of the District to be received in the month ending May 31, 2003 (such pledged amounts being hereinafter called the "Pledged Revenues"); and the principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

This Note is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the office of the Paying Agent but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Note. Upon such transfer a new Note or Notes of authorized denominations and for the same aggregate principal amount will be issued to the transferees in exchange herefor.

The County, the District and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the County, the District nor the Paying Agent shall be affected by any notice to the contrary.

QUALIFIED TAX-EXEMPT OBLIGATION

This Note has been determined to be a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, by resolution of the District.

IN WITNESS WHEREOF, the Board of Supervisors of Los Angeles County, California has caused this Note to be executed by the manual or facsimile signature of the Chairman of the Board of Supervisors and the Treasurer and Tax Collector of the County and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors and has caused a facsimile of its official seal to be imprinted hereon this ____ day of July, 2002.

Chairman of the Board of Supervisors

Treasurer and Tax Collector

(SEAL)

Countersigned

Executive Officer-Clerk of the
Board of Supervisors

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____, whose tax identification number is _____, the within-mentioned registered Note and hereby irrevocably constitute(s) and appoint(s) attorney to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

NOTE: Signature(s) must be guaranteed by a member of an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or other similar program.

EXHIBIT B

OFFICIAL NOTICE OF SALE

\$
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA
2002-2003 TAX AND REVENUE ANTICIPATION NOTES

NOTICE IS HEREBY GIVEN that sealed and telecommunicated unconditioned proposals will be received by the Treasurer and Tax Collector (the "Treasurer") of the County of Los Angeles, California (the "County") on behalf of the Santa Monica-Malibu Unified School District (the "District"), at the office of the Treasurer, 432 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, facsimile number (213) 625-2249 on Thursday,

June 20, 2002

at the hour of 10:30 A.M. for the purchase of all, but not less than all, of \$ principal amount of Santa Monica-Malibu Unified School District, County of Los Angeles, State of California, 2002-2003 Tax and Revenue Anticipation Notes (the "Notes"), more particularly described below. In the event that no bid is awarded, the District will receive bids each successive Thursday at the same time and location until such time as a bid is awarded or the County determines to withdraw sale of the Notes.

ISSUE: \$, designated "Santa Monica-Malibu Unified School District, County of Los Angeles, State of California, 2002-2003 Tax and Revenue Anticipation Notes," consisting of registered notes, without coupons.

DATE AND MATURITY: The Notes will be dated the date of delivery, and will mature 364 days thereafter.

INTEREST RATE: The maximum interest rate bid may not exceed eight percent (8%) per annum, payable upon maturity of the Notes. Bidders must specify the rate of interest which the Notes shall bear, provided that: (i) all Notes shall bear the same interest rate; (ii) no Note shall bear more than one rate of interest; (iii) each Note shall bear interest from its date to its stated maturity at the interest rate specified in the bid; and (iv) the interest rate specified must be in a multiple of 1/1000 of one percent. Interest will be computed on a 30-day month/360-day year basis.

REDEMPTION: The Notes are not subject to call and redemption prior to maturity.

FULL BOOK ENTRY: The Notes, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Notes. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes purchased.

PAYMENT: Both principal and interest are payable on the maturity date of the Notes in lawful money of the United States of America at the office of the Treasurer as Paying Agent, in Los Angeles, California, to DTC, which will in turn remit such principal and interest to the beneficial owners of the Notes through DTC's Participants, as described in the Preliminary Official Statement.

PURPOSE OF ISSUE: The Notes are to be issued in the name of the District by the County and are authorized pursuant to the provisions of Section 53850-53858 of the Government Code of the State of California and the provisions of resolutions of the Board of Education of the District (the "District Board") and of the Board of Supervisors of the County (the "County Board"), for any purpose for which the District is authorized to use and expend moneys.

SECURITY: The Notes are obligations of the District and shall not in any way be payable from County moneys, and as security for the payment of the principal of and interest on the Notes, the District pledges an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending February 28, 2003; plus an amount equal to fifty percent (50%) of the principal amount of the Notes, and an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from the unrestricted revenues received by the District in the month ending May 31, 2003. The term "unrestricted revenues" means taxes, income, revenue, cash receipts, and other money of the District which are intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

By statute, the Notes are declared to be a general obligation of the District and to the extent not paid from said pledged moneys shall be paid with the interest thereon from any other moneys of the District lawfully therefor. Under provisions of the California Constitution, the District is generally prohibited from incurring any indebtedness or liability exceeding in any year the income and revenue provided for such year, without the assent of two-thirds of its qualified electors voting at an election called for such purpose.

TERMS OF SALE

WINNING BID: The Notes will be awarded on the basis of the lowest net interest cost including premium offered, if any. No bid for less than par will be entertained. In the event two or more bids producing the same lowest net interest cost are received, the Treasurer shall determine the successful bidder by lot, in such manner as he shall determine.

RIGHT OF REJECTION: The Treasurer is authorized, in his discretion, to reject any and all bids and to waive any irregularity or informality in any bid.

PROMPT AWARD: The County, acting through the Treasurer, will take action awarding the Notes or rejecting all bids not later than 26 hours after the expiration of the time herein prescribed for the receipt of proposals unless such time of award is waived by the successful bidder.

SUBSEQUENT BIDS: In the event that no bid is awarded, the County shall receive bids each successive Thursday at the same time and location until such time as a bid is awarded or the County determines to withdraw sale of the Notes.

DELIVERY AND PAYMENT: It is expected that delivery of the Notes in book-entry form will be made to the successful bidder through DTC in New York, New York, and payment of the purchase price of the Notes and delivery of the closing papers and opinions described herein will take place at the office of Richards, Watson & Gershon, 355 South Grand Avenue, 40th Floor, Los Angeles, California 90071, on July __, 2002. Payment of the purchase price must be made in funds immediately available to or at the direction of the Treasurer. The costs of registering the Notes in the name of Cede & Co., as nominee of DTC will be borne by the successful bidder.

RIGHT OF CANCELLATION: The successful bidder shall have the right at its option to cancel the contract of purchase if the County shall fail to execute the Notes and tender the same for delivery within 30 days from the date of sale thereof.

FORM OF BID: Bids must be for all of the Notes, and must be for not less than the par value thereof. Each bid must be either telecommunicated to the Treasurer at (213) 625-2249, or delivered, enclosed in a sealed envelope addressed to the Treasurer and Tax Collector of the County of Los Angeles, at 437 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, in either case not later than 10:30 A.M. on said date of sale, and endorsed "Proposal for Santa Monica-Malibu Unified School District, County of Los Angeles, California 2002-2003 Tax and Revenue Anticipation Notes." Each bid must be in accordance with the terms and conditions set forth herein, and must be submitted on, or in substantial accordance with, bid forms provided by the County. The prescribed form of bid for the Notes is attached hereto as Annex A and all bids must be submitted on such form. Bids which do not conform to the terms of this paragraph will be rejected. Neither the County nor the District will be responsible for the inability of any bidder to deliver its bid by telecommunication promptly and legibly.

ESTIMATE OF NET INTEREST COST: Bidders are requested (but not required) to supply an estimate of the total net interest cost to the District on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the District or the County. For the purpose of calculating net interest cost, bidders should assume a delivery date of July 1, 2002.

CUSIP NUMBERS: CUSIP numbers will be applied for and will be printed on the Notes and the cost of service bureau assignment will be the purchaser's responsibility. Any delay, error or omission with respect thereto will not constitute cause for the purchaser to refuse to accept delivery of and pay for the Notes.

CERTIFICATION OF REOFFERING PRICE: The successful bidder shall be required, as a condition to the delivery of the Notes, to certify to the County in writing the price at which a substantial amount of the Notes were sold to the public, in form and substance satisfactory to the County and Bond Counsel.

CHANGE IN TAX EXEMPT STATUS: At any time before the Notes are tendered for delivery, any successful bidder may disaffirm and withdraw its proposal if the interest received by private holders from notes of the same type and character shall be determined to be includable in gross income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be determined to be includable in gross income by the terms of any federal income tax law enacted subsequent to the date of this notice.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION: The successful bidder will be required, pursuant to the State law, to pay any fees to the California Debt and Investment Advisory Commission ("CDIAC"). CDIAC will invoice the successful bidder after the closing of the sale of the Notes.

DTC: The successful bidder will be required to pay the fees of DTC regarding underwriter eligibility for and utilization of the DTC book-entry system.

CLOSING PAPERS; LEGAL OPINION: Each proposal will be conditioned upon the District furnishing to each successful bidder, without charge, concurrently with payment for and delivery of the Notes, the following closing papers, each dated the date of such delivery:

(a) The opinion of Richards, Watson & Gershon, A Professional Corporation, Bond Counsel, approving the validity of the Notes and stating that under existing statutes, regulations and court decisions, interest on the Notes is exempt from all present State of California personal income taxes and, assuming compliance with certain covenants and requirements, is excludable from gross income for federal income tax purposes (although such interest may be subject to the corporate, alternative minimum and environmental taxes);

(b) An opinion of County Counsel to the effect that there is no litigation threatened or pending affecting the validity of the Notes;

(c) A certificate of an appropriate District official, acting on behalf of the District solely in his official, and not in his personal capacity, that at the time of the sale of the Notes and at all times subsequent thereto, up to and including the time of the delivery of the Notes to the initial purchasers thereof, the Official Statement of the District pertaining to the Notes did not, and does not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(d) The signature certificate of the officials of the County, showing that they have signed the Notes and impressed the seal of the County thereon, and that they were respectively duly authorized to execute the same; and

(e) The receipt of the Treasurer to the effect that the purchase price of the Notes has been received by such officer.

In addition, the obligation of the County to deliver the Notes to the successful bidder is conditioned upon the receipt by the County of a certificate as to issue price, dated the date of delivery, duly executed by said bidder and in form and substance satisfactory to Bond Counsel.

CONTINUING DISCLOSURE: In order to assist bidders in complying with S.E.C. Rule 15c2-12(b)(5), the District has undertaken, pursuant to a resolution of the District Board, to provide certain notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

INFORMATION AVAILABLE: Requests for information concerning the District should be addressed to:

Santa Monica-Malibu Unified School District
1651 16th Street
Santa Monica, CA 90404
Attention: Assistant Superintendent, Business and Fiscal Services

The Stiepel Group, Inc.
22761 Pacific Coast Highway, Suite 1025
Malibu, CA 90265
(310) 456-2975

The Preliminary Official Statement, together with any supplements thereto, shall be in form "deemed final" by the District for purposes of SEC Rule 15c2-12, but is subject to revision, amendment and completion in a final official statement. The District will provide each successful bidder such number of printed copies of the Official Statement for this issue as such bidder may request. Up to 25 copies of the Official Statement will be furnished without cost within seven days of the sale, and any additional copies will be furnished at the expense of the bidder.

Dated: June __, 2002

SANTA MONICA-MALIBU UNIFIED
SCHOOL DISTRICT

By: _____
Superintendent

ANNEX A TO THE OFFICIAL NOTICE
OF SALE

(FORM OF BID)

PROPOSAL FOR

\$
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
2002-2003 TAX AND REVENUE ANTICIPATION NOTES

Pursuant to the Official Notice of Sale for the above referenced Notes (the terms of which are made a part of this bid) we offer to purchase \$_____ principal amount, all or none, of the Notes designated as "Santa Monica-Malibu Unified School District, County of Los Angeles, State of California, 2002-2003 Tax and Revenue Anticipation Notes" (the "Notes") at a purchase price of \$_____.

The Notes will bear interest to maturity (calculated on the basis of a 30-day month and a 360-day year) at a rate of _____ % per annum.

This proposal is subject to acceptance not later than twenty-six (26) hours after the expiration of the time for the receipt of proposals as specified in the Official Notice of Sale.

The Depository Trust Company, New York, New York ("DTC") will act as securities depository of the Notes. The Notes, when delivered, will be registered in the name of Cede & Co., as nominee of DTC. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes purchased.

We hereby request that _____ printed copies of the Official Statement (not to exceed 25 copies at the expense of the District) be furnished us in accordance with the terms of the Official Notice of Sale.

Assuming a delivery date of July 1, 2002, our calculation of the net interest cost and net interest rate, which is considered to be informative only and not a part of the bid, is as follows:

Par Amount	\$ _____
Total Interest	_____
Less Premium (if any)	(_____)
Net Interest Cost	_____
Net Interest Rate	_____ %

I certify (or declare) under penalty of perjury under the laws of the State of California that this proposal is genuine, and not a sham or collusive, nor made in the interest or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for himself an advantage over any other bidder.

Respectfully submitted,

Name of firm _____

By _____

Address _____

City _____

State _____

Telephone(____) _____

Following is a list of the members of our account on whose behalf this bid is made.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

NOTICE OF INTENTION TO SELL

EXHIBIT C

§
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT,
COUNTY OF LOS ANGELES, CALIFORNIA
2002-2003 TAX AND REVENUE ANTICIPATION NOTES

NOTICE IS HEREBY GIVEN that sealed or facsimile bids will be received by the Los Angeles County Treasurer and Tax Collector on behalf of the Santa Monica-Malibu Unified School District (the "District"), for the purchase of the above-captioned Notes at the hour of 10:30 A.M., Pacific Daylight Time, on Thursday,

June 20, 2002

at the office of the aforesaid Treasurer and Tax Collector, 437 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, facsimile no. (213) _____. In the event that no bid is awarded, the County will receive bids each successive Thursday at the same time and location until such time as a bid is awarded or the County determines to withdraw sale of the Notes. An Official Statement and an Official Notice of Sale relating to the Notes will be furnished upon request to The Stiepel Group, Financial Advisor to the District, at (310) 456-2975.

Dated: June ___, 2002

SANTA MONICA-MALIBU UNIFIED
SCHOOL DISTRICT

By: _____
Superintendent

RESOLUTION NUMBER 01-18

RESOLUTION OF THE BOARD OF EDUCATION OF THE SANTA MONICA - MALIBU UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF 2002-2003 TAX AND REVENUE ANTICIPATION NOTES AND REQUESTING THE ISSUANCE OF SUCH NOTES BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES

WHEREAS, pursuant to Sections 53850 *et seq.*, of the Government Code of the State of California (the "Act") contained in Title 5, Division 2, Part I, Chapter 4, Article 7.6 thereof, on or after the first day of any fiscal year, the Santa Monica - Malibu Unified School District (the "District") may borrow money by issuing notes in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received by the District attributable to its fiscal year ending June 30, 2003, for any purpose for which the District is authorized to expend moneys, including but not limited to current expenses, capital expenditures and the discharge of any obligation or indebtedness of the District; and

WHEREAS, Section 53853 of the Act provides that such notes may be issued by the appropriate County Board of Supervisors on behalf of the District upon the authority of a resolution of the governing board of the District; and

WHEREAS, this Board of Education (the "District Board"), being the governing board of the District, desires the assistance of the Board of Supervisors of the County of Los Angeles (the "County Board") in the borrowing of not to exceed \$5,000,000 by the issuance of notes hereby designated the "Santa Monica - Malibu Unified School District 2002-2003 Tax and Revenue Anticipation Notes (the "Notes"); and

WHEREAS, pursuant to the Act, the Notes shall be payable no more than 12 months after the date of issue, and the Notes shall be payable only from revenue received or accrued during the fiscal year in which the Notes were issued; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge any taxes, income, revenue, cash receipts or other moneys deposited in inactive or term deposits (but excepting certain moneys of the District), to the repayment of the Notes, which shall be issued as a general obligation of the District, and to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the District pledged for the payment thereof, shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as required by Section 53857 of the Act; and

WHEREAS, the Notes to be issued hereunder in Fiscal Year 2002-2003 when added to the interest payable thereon, may not and do not exceed 85 percent of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys of the District which will be available for the payment of principal of the Notes and the interest thereon, as required by Section 53858 of the Act;

NOW, THEREFORE, this Board of Education of the Santa Monica - Malibu Unified School

District hereby determines and resolves as follows:

Section 1. Recitals. All of the recitals set forth herein are true and correct, and the District Board so finds and determines.

Section 2. Authorization of Issuance of Notes: Terms Thereof. The District Board hereby authorizes the issuance of the Notes in a principal amount not to exceed \$5,000,000, the final principal amount to be determined by the District Superintendent after consultation with the Financial Advisor described in Section 8, below. The Notes are to be numbered from one consecutively upward in order of issuance, to be in the denominations of \$5,000, or integral multiples thereof, as determined by the Treasurer and Tax Collector; to be dated the date of delivery thereof; to mature (without option of prior redemption) 12 months after their date of issue; and to bear interest, payable at maturity and computed on a 30-day month and 360-day year basis, at the rate or rates determined at the time of sale thereof.

Both the principal of and interest on the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America. The County Treasurer and Tax Collector is authorized to act as a trustee, fiscal agent, paying agent, dissemination agent and/or presentation agent (the "Fiscal Agent") in connection with the Notes, and the County may appoint an agent or other third party to perform any or all of such duties.

Section 3. Form of Notes. The Notes shall be issued in fully registered form (except as otherwise provided herein), and shall be substantially in the form and substance set forth in Exhibit A, as attached hereto and by this reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures (described in Section 8, below) as the Treasurer and Tax Collector may determine and approve. There shall be delivered with the Notes a legal opinion of Bond Counsel (described in Section 8, below) respecting the validity of the Notes and the exclusion from gross income of the interest thereon for federal income tax purposes and the exemption of interest thereon from present State of California personal income taxes.

Section 4. Deposit of Note Proceeds: No Arbitrage. The proceeds of sale of the Notes (net of costs of issuance) shall be deposited in or to the credit of the general fund of the District or otherwise as directed by the District Superintendent, to be withdrawn and expended for any lawful purpose for which the District is authorized to expend moneys, including, but not limited to, current expenses, capital expenditures and the discharge of any obligations or indebtedness of the District. The District hereby covenants that it will comply with the requirements of the Tax Certificate to be executed by the District with respect to the Notes and any other instructions requested by or otherwise provided by such Bond Counsel.

Section 5. Payment of Notes.

- a. Source of Payment. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District during, or are attributable to, the 2002-2003 fiscal year and which are available therefor. The Notes shall be a general obligation of the District, and to the extent the Notes are not paid from the Pledged Revenues defined below, the Notes shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as provided herein and by law.
- b. Pledged Revenues. As security for the payment of the principal of and interest on the Notes, the District hereby pledges an amount equal to 50 percent of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending February 28, 2003; an amount equal to 50 percent of the principal amount of the Notes from unrestricted revenues received by the District in the month ending May 31, 2003; and an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from unrestricted revenues received by the District in the month ending May 31, 2003 (such pledged amounts being hereinafter called the "Pledged Revenues"). The term "unrestricted revenues" shall mean taxes, income, revenue, cash receipts, and other money of the District as provided in Section 53856 of the Act, which are intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient unrestricted revenues received by the District to permit the deposit into the Repayment Fund, as hereinafter defined, of the full amount of Pledged Revenues to be deposited from unrestricted revenues in a month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and the interest thereon.

- b. Deposit of Pledged Revenues in Repayment Fund. The Pledged Revenues shall be held by the County in a separate and special fund designated as the "Santa Monica - Malibu Unified School District, 2002-2003 Tax and Revenue Anticipation Notes Repayment Fund" (the "Repayment Fund") and the County will administer the Pledged Revenues through and including the maturity date of the Notes and apply such funds as directed in this Resolution. Any moneys deposited in the Repayment Fund shall be for the sole benefit of the owners of the Notes and until the Notes and all interest thereon are paid, or until provision has been made for the payment of the Notes and all interest thereon in accordance with their terms, the moneys in the Repayment Fund shall be applied only for the purposes for which the Repayment Fund is created. The County Treasurer and Tax Collector is directed to deposit all Pledged Revenues subject to deposit as provided in this Section 5(C) when and as

received directly into the Repayment Fund, without further instruction by the District. From the dates of receipt by the County Treasurer and Tax Collector of any of the Pledged Revenues subject to such deposit, the District shall have no right, title or interest therein.

- c. Disbursement and Investment of Moneys in Repayment Fund. All Pledged Revenues shall be deposited into the Repayment Fund upon receipt. After such date as the amount of Pledged Revenues on deposit in the Repayment Fund shall be sufficient to pay in full the principal of and interest on the Notes, when due, any moneys in excess of such amount remaining in or accruing to the Repayment Fund shall be transferred to the general fund of the District or otherwise as directed by the District Superintendent. On the maturity date of the Notes, the moneys in the Repayment Fund shall be used, to the extent necessary, to pay the principal of and interest on the Notes.

Moneys in the Repayment Fund, to the greatest extent possible, shall be invested in legally permitted investments as directed by the County Treasurer and Tax Collector or by the District Superintendent, which may include, but not be limited to, a guaranteed investment contract and the Los Angeles County Pooled Investment Fund or any other investment which the County Treasurer and Tax Collector or the District Superintendent deems prudent. The County Treasurer and Tax Collector (who is hereby designated as agent of the District for these purposes) is hereby requested to invest and/or to direct the investment of the proceeds of the Notes in accordance with the Los Angeles County policy governing the investment of such funds.

- d. Covenant Regarding Additional Short-term Borrowing. The District hereby covenants and warrants that it will not request the County Treasurer and Tax Collector to make temporary transfers of funds in the custody of the County Treasurer and Tax Collector to meet any obligations of the District during the 2002-2003 fiscal year pursuant to the authority of Article XVI, Section 6 of the Constitution of the State of California or any other legal authority.

Section 6. Execution of Notes. The District hereby requests the County Treasurer and Tax Collector, or his designated deputy, and the appropriate officers of the County Board to execute the Notes by their manual or facsimile signatures and to affix a facsimile of the seal of the County thereon; and such officers shall be authorized to cause the blank spaces thereof to be filled in prior to initial delivery as may be appropriate.

Section 7. Approval of Sale of Notes. The Notes will be sold at a public or private sale, at the time and place and upon the terms provided in a resolution of the County Board; provided that the aggregate principal amount of the Notes does not exceed \$5,000,000 and the interest rate does not exceed eight percent per annum.

Section 8. Authorization and Approval of Preliminary Official Statement and Official Statement. The District hereby appoints The Stiepel Group, Inc. as Financial Advisor to the District and appoints Richards, Watson & Gershon, A Professional Corporation, as Bond Counsel in connection with the issuance of the Notes. The officers of the District are authorized and

directed to provide information regarding the District in connection with the preparation of an Official Statement relating to the Notes and any other document or documents relating to the Notes. The Financial Advisor is hereby authorized to prepare and distribute a Preliminary Official Statement and an Official Statement relating to the Notes. Upon inclusion of the information relating to the District therein, the Preliminary Official Statement is, except for certain omissions permitted by Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), hereby deemed final within the meaning of such Rule.

Section 9. Continuing Disclosure

- a. As required by the Rule, the District covenants with the Noteholders that it will, and hereby authorizes its appropriate officers and employees to provide, in a timely manner, to the Municipal Securities Rulemaking Board or each nationally recognized municipal securities information repository and to any California information depository for the benefit of the Noteholders, notice of any of the following events with respect to the Notes, if material:
 - i. principal and interest payment delinquencies;
 - ii. non-payment related defaults;
 - iii. unscheduled draws on the debt service reserves reflecting financial difficulties;
 - iv. unscheduled draws on credit enhancements reflecting financial difficulties;
 - v. substitution of credit or liquidity providers, or their failure to perform;
 - vi. adverse tax opinions or events affecting the tax-exempt status of the securities;
 - vii. modifications to rights of security holders;
 - viii. bond calls;
 - ix. defeasances;
 - x. release, substitution, or sale of property securing repayment of the securities; and
 - xi. rating changes.

Notwithstanding any other provision herein, failure of the District to perform in accordance with this Section 9(A) shall not constitute a default under this Resolution and may be enforced only as provided in this Section 9.

- b. Each Material Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the affected Notes;
- c. The District represents that since July 3, 1995, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

- d. This Section may be amended, by written agreement of the parties, without the consent of the holders of the Notes (except to the extent required under clause (iv) below), if all of the following conditions are satisfied: (I) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the District or the type of business conducted thereby, (ii) this Section as so amended would have complied with the requirements of the Rule as of the date of this Resolution, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (iii) the District shall have delivered to the County an opinion of Bond Counsel, addressed to the District and the County, to the same effect as set forth in clause (ii) above, (iv) either (a) the District shall have delivered to the County an opinion of Bond Counsel or a determination by a person, in each case unaffiliated with the District (such as Bond Counsel or the County) and acceptable to the District, addressed to the District and the County, to the effect that the amendment does not materially impair the interests of the holders of the Notes, or (b) the holders of the Notes consent to the amendment to this Section 9 pursuant to the same procedures as are otherwise required for amendments, and (v) the District shall have delivered copies of such opinion(s) and amendment to each NRMSIR and any CID.
- i. In addition to subsection (D)(1) above, this Section 9 may be amended and any provision of this Section may be waived, by written agreement of the parties, without the consent of the holders of the Notes, if all of the following conditions are satisfied: (I) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Section 9 which is applicable to this Section 9, (ii) the District shall have delivered to the County an opinion of Bond Counsel, addressed to the District and the County, to the effect that performance by the District and the County under this Section as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule and (iii) the District shall have delivered copies of such opinion and amendment to each NRMSIR and any CID.
- e. The provisions of this Section 9 shall inure solely to the benefit of the holders from time to time of the Notes, except that beneficial owners of Notes shall be third-party beneficiaries of this Section 9.
- i. Except as provided in this subsection (E)(2), the provisions of this Section 9 shall create no rights in any person or entity. The obligations of the District to comply with the provisions of this Section 9 shall be enforceable in the case of enforcement of obligations to provide notices, by any Registered Owner of outstanding Notes, or by the Fiscal Agent on behalf of the Registered Owners of outstanding Notes, provided, however, that the Fiscal Agent shall not be required to take any enforcement action except at the direction of the Registered Owners of not less than a majority in aggregate principal amount of the Notes at the time outstanding who shall have provided the Fiscal Agent with adequate security and indemnity. The Registered Owners' and Fiscal Agent's rights to enforce the provisions of this Section 9 shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the District's obligations under this

Section 9. In consideration of the third-party beneficiary status of beneficial owners of Notes pursuant to subsection (1) of this Section 9, beneficial owners shall be deemed to be Registered Owners of Notes for purposes of this subsection (B).

- f. For the purposes of this Resolution, unless the content otherwise requires, the terms defined in this Section 9, for all purposes of this Resolution, have the meanings specified herein:

“Bond Counsel” means an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and tax-exempt nature of interest on, obligations issued by states and their political subdivisions.

“Material Event” means any of the events with respect to the Notes, as set forth in Section (9)(A) above.

“Material Event Notice” means notice of a Material Event.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“NRMSIR” means, at any time, a then-existing nationally recognized municipal securities information repository, as recognized from time to time by the SEC for the purposes referred to in the Rule. The NRMSIRs as of the date of this Resolution are Bloomberg Municipal Repositories, DPC Data Inc., Standard & Poor’s J.J. Kenny Repository, and FT Interactive Data.

“Register” means the book or book of registration kept by the Registrar in which are maintained the names and addresses and principal amounts registered to each Registered Owner.

“Registered Owner” means the Person in whose name a Note is registered on the Register.

“Registrar” means the Fiscal Agent, or a substitute Registrar.

“CID” means, at any time, a then-existing state information depository, if any, as operated or designated as such by or on behalf of the State of California for the purposes referred to in the Rule. As of the date of this Resolution, there is no CID.

Section 10. Delivery of Notes. The proper officers of the County are hereby requested to deliver the Notes to the original purchaser. All actions heretofore taken by the officers and agents of the District with respect to the Notes are hereby approved, confirmed and ratified, and the officers of the District are hereby authorized and directed to do any and all things and take any and all actions which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and resolutions hereafter adopted by the County Board.

Section 11. Further Actions Authorized. It is hereby covenanted that the District, and its appropriate officials, have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be

taken by them, for the levy, collection and enforcement of the taxes and other revenues pledged under this Resolution in accordance with the law and for carrying out the provisions of this Resolution. The District Superintendent, officers and staff of the District are hereby directed to take such further action as may be necessary to carry out the intent and purpose of this Resolution and to execute and deliver any and all agreements, certificates and other documents that they or Bond Counsel may deem necessary or advisable to effectuate the purposes of this Resolution without further approval of this District Board.

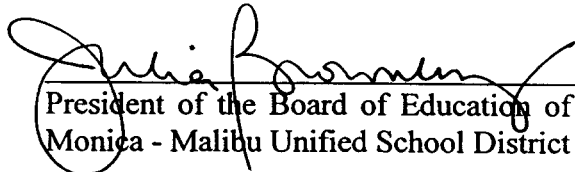
Section 12. Limited Liability. Notwithstanding anything to the contrary contained herein or in the Notes or in any other document mentioned herein, the District shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 5 hereof and the County is not liable for payment on the Notes or any other obligation of the District hereunder.

Section 13. Designation as Qualified Tax-Exempt Obligations. The District Board hereby designates the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Section 14. Effective Date. This Resolution shall take effect immediately.

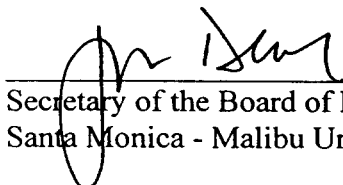
PASSED AND ADOPTED by the Santa Monica - Malibu Unified School District this
2nd Day of May _____, 2002 by the following vote:

AYES: 5 (all)
NOES: 0 (none)
ABSENT: 2 (Mr. Pratt, Dr. Escarce)



President of the Board of Education of the Santa
Monica - Malibu Unified School District

ATTEST:



Secretary of the Board of Education of the
Santa Monica - Malibu Unified School District

EXHIBIT A

SANTA MONICA - MALIBU UNIFIED SCHOOL DISTRICT
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA
2002-2003 TAX AND REVENUE ANTICIPATION NOTE

No. R-1

July 1, 2002

Principal Amount: \$ _____

Interest Rate: _____ %

FOR VALUE RECEIVED, the Santa Monica - Malibu Unified School District (the "District"), County of Los Angeles, State of California, acknowledges itself indebted to and promises to pay to the _____, the principal amount stated above in lawful money of the United States of America, on _____, 2003, together with interest thereon at the interest rate stated above, per annum in like lawful money of the United States of America from the date hereof until maturity. Both the principal of and interest on this Note shall be payable only upon surrender of this Note as the Note shall fall due; provided, however, that no interest shall be payable for any period after maturity during which the Registered Owner hereof fails properly to present this Note for payment.

It is hereby certified, recited and declared that this Note is made, executed and given pursuant to and by authority of a resolution duly passed and adopted by the Board of Education of the District, and of a resolution duly passed and adopted by the Board of Supervisors of the County of Los Angeles on _____, 2002, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or laws of the State of California.

The principal amount of the Note, together with the interest thereon, shall be payable from taxes, income revenue, cash receipts and other moneys which are received by the District during, or are attributable to, Fiscal Year 2002-2003 and which are lawfully available therefor. As security for the payment of the principal of and interest on the Note, the District has pledged an amount equal to 50 percent of the principal amount of the Note from the first unrestricted revenues received by the District in the month of February 28, 2003, plus an amount equal to 50 percent of the principal amount of the Note, plus an amount sufficient to pay interest on the Note, from the first unrestricted revenues received by the District in the month of May 31, 2003 (the "Pledged Revenues") and the principal of the Note and the interest thereon shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from all other moneys of the District lawfully available therefor.

In the event of the nonpayment of this Note on the maturity date hereof, this Note shall commence to bear interest at a default rate of one and one-half percent per annum above the interest

rate earned by the Los Angeles County Treasury Pool held and invested by the Treasurer and Tax Collector of the County, calculated on a 360-day year of twelve 30-day months. Such interest shall be calculated and compounded on the first day of each calendar quarter occurring after the maturity date hereof; provided, however, that if the maturity date hereof is not the first day of a calendar quarter, the initial and final quarters shall be prorated using the average of the last three month-end interest rates, and shall be paid until payment in full hereof.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Note to be executed by its Chair and the Treasurer and Tax Collector of the County of Los Angeles and countersigned by the Executive Officer-Clerk of the Board of Supervisors, or their duly designated deputies, which signatures may be facsimile signatures (provided that one of such signatures must be manually affixed) and has caused a facsimile of its official seal to be printed hereon this 1st day of July, 2002.

By: _____
Chair

By: _____
Treasurer and Tax Collector

Countersigned:

By: _____
Executive Officer-Clerk of
the Board of Supervisors

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto _____, acting as _____ Agent, the within Note and do(es) hereby irrevocably constitute and appoint _____ as the undersigned's attorney to transfer such Note on the registration books of the _____ Agent, with full power of substitution in the premises.

TREASURER AND TAX COLLECTOR OF THE
COUNTY OF LOSE ANGELES

Dated: _____, 2002

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

Social Security Number,
Taxpayer Identification Number
or other Identifying Number of Assignee:
